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## Department of Juvenile Corrections

### Management Report on Internal Control

Issued: April 3, 2006  
Fiscal Year: 2003, 2004, and 2005



## EXECUTIVE SUMMARY LEGISLATIVE AUDITS

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### DEPARTMENT OF JUVENILE CORRECTIONS

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**PURPOSE AND SCOPE.** In planning and making our audit of the statewide basic financial statements, we performed certain audit procedures to evaluate the effectiveness of the Department of Juvenile Corrections's internal control design and operation. Consequently, the limited scope of our procedures does not allow us to give an opinion on the Department's internal control system. Accordingly, we do not express an opinion or ensure that all instances of internal control weaknesses were disclosed.

Our purpose was to indicate where internal controls could be strengthened to help ensure accurate financial statements and data. This evaluation, together with other evaluations and various audit procedures applied at other agencies, allows us to express an opinion on the statewide basic financial statements prepared by the State Controller's Office.

**CONCLUSION.** We noted no matters involving the internal control over the Department's financial reporting or its operation that we considered to be material weaknesses. However, our consideration of internal controls would not necessarily disclose all matters considered to be a material weakness.

**FINDINGS AND RECOMMENDATIONS.** There are no findings and recommendations, nor were there any findings and recommendations in the prior report.

**AGENCY RESPONSE.** The Department has reviewed the report and is in general agreement with its contents.

**FINANCIAL SUMMARY.** The Department's fiscal year 2005 funding was from a \$33 million General Fund appropriation, \$3.8 million in federal funds, \$4.6 million from cigarette/tobacco taxes, and \$1.3 million from endowment and miscellaneous funds. Disbursements for fiscal year 2005 included \$16.5 million for personnel, \$4.1 million for other operating and capital outlay costs, and \$22.3 million for trustee and benefit payments to counties, cities, and contract providers for local juvenile programs. Although an opinion is not given on the financial data presented in this report, one is given on all State funds in the statewide *Comprehensive Annual Financial Report* that includes the financial data presented here.

## DEPARTMENT OF JUVENILE CORRECTIONS – FINANCIAL SUMMARY

### FISCAL YEAR 2003

| Fund                      | Beginning Free<br>Fund Cash/<br>Appropriation<br>Balance | Beginning<br>Encumbrances | Revenues/<br>Transfers-In | Expenditures/<br>Transfers-Out | Ending<br>Encumbrances | Ending Free<br>Fund Cash/<br>Appropriation<br>Balance |
|---------------------------|--|---------------------------|---------------------------|--------------------------------|------------------------|---|
| General                   | \$30,322,894   | \$2,500                   | \$985                     | \$29,780,053                   | \$6,262                | \$540,064   |
| Juvenile Corrections Fund | 118,608  | 0                         | 106,473                   | 61,083                         | 0                      | 163,998   |
| Cigarette/Tobacco Tax     | 1,125,007  | 0                         | 4,646,083                 | 4,550,000                      | 0                      | 1,221,090   |
| Federal                   | 3,070,748  | 0                         | 4,885,007                 | 4,780,838                      | 12,505                 | 3,162,412   |
| Miscellaneous Revenue     | 686,435  | 6,975                     | 1,076,044                 | 1,336,011                      | 45,043                 | 388,400   |
| Endowment Earnings        | 281,908  | 46,475                    | 1,087,564                 | 1,158,391                      | 0                      | 257,556   |
| Victim Restitution Fund   | 982  | 0                         | 99                        | 0                              | 0                      | 1,081   |
| Custodial Funds           | 0  | 0                         | 10,952                    | 1,479                          | 0                      | 9,473   |
|                           | <u>\$35,606,582</u>                                      | <u>\$55,950</u>           | <u>\$11,813,207</u>       | <u>\$41,667,855</u>            | <u>\$63,810</u>        | <u>\$5,744,074</u>                                    |

### FISCAL YEAR 2004

| Fund                      | Beginning Free<br>Fund Cash/<br>Appropriation<br>Balance | Beginning<br>Encumbrances | Revenues/<br>Transfers-In | Expenditures/<br>Transfers-Out | Ending<br>Encumbrances | Ending Free<br>Fund Cash/<br>Appropriation<br>Balance |
|---------------------------|--|---------------------------|---------------------------|--------------------------------|------------------------|---|
| General                   | \$31,853,606   | \$6,262                   | \$0                       | \$31,743,388                   | \$105,304              | \$11,176  |
| Juvenile Corrections Fund | 163,998  | 0                         | 89,416                    | 43,310                         | 0                      | 210,104   |
| Cigarette/Tobacco Tax     | 1,221,090  | 0                         | 4,644,222                 | 4,550,000                      | 0                      | 1,315,312   |
| Federal                   | 3,162,412  | 12,505                    | 3,635,439                 | 4,622,351                      | 0                      | 2,188,005   |
| Miscellaneous Revenue     | 388,400  | 45,043                    | 905,320                   | 1,014,727                      | 84                     | 323,952   |
| Endowment Earnings        | 257,556  | 0                         | 920,168                   | 1,044,967                      | 1,170                  | 131,587   |
| Victim Restitution Fund   | 1,081  | 0                         | 0                         | 0                              | 0                      | 1,081   |
| Custodial Funds           | 9,473  | 0                         | 20,045                    | 13,709                         | 0                      | 15,809  |
|                           | <u>\$37,057,616</u>                                      | <u>\$63,810</u>           | <u>\$10,214,610</u>       | <u>\$43,032,452</u>            | <u>\$106,558</u>       | <u>\$4,197,026</u>                                    |

### FISCAL YEAR 2005

| Fund                      | Beginning Free<br>Fund Cash/<br>Appropriation<br>Balance | Beginning<br>Encumbrances | Revenues/<br>Transfers-In | Expenditures/<br>Transfers-Out | Ending<br>Encumbrances | Ending Free<br>Fund Cash/<br>Appropriation<br>Balance |
|---------------------------|--|---------------------------|---------------------------|--------------------------------|------------------------|---|
| General                   | \$32,799,700   | \$105,304                 | \$0                       | \$32,709,666                   | \$86,878               | \$108,460 *   |
| Juvenile Corrections Fund | 210,104  | 0                         | 112,311                   | 44,609                         | 0                      | 277,806   |
| Cigarette/Tobacco Tax     | 1,315,312  | 0                         | 4,620,414                 | 4,550,000                      | 0                      | 1,385,726   |
| Federal                   | 2,188,005  | 0                         | 3,763,342                 | 4,494,313                      | 1,493                  | 1,455,541   |
| Miscellaneous Revenue     | 323,952  | 84                        | 865,559                   | 611,227                        | 4,762                  | 573,606   |
| Endowment Earnings        | 131,587  | 1,170                     | 379,181                   | 510,989                        | 0                      | 949   |
| Victim Restitution Fund   | 1,081  | 0                         | 10                        | 0                              | 0                      | 1,091   |
| Custodial Funds           | 15,809   | 0                         | 11,649                    | 10,971                         | 0                      | 16,487  |
|                           | <u>\$36,985,550</u>                                      | <u>\$106,558</u>          | <u>\$9,752,466</u>        | <u>\$42,931,775</u>            | <u>\$93,133</u>        | <u>\$3,819,666</u>                                    |

\*Of the amount of the General Fund cash balance at the end of FY 05, \$105,272 was reappropriated, and \$3,188 was reverted to the State General Fund.

**OTHER ISSUES.** We discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Department of Juvenile Corrections and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the director, Brent Reinke, and his staff.

**QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:**

Ray Ineck, CGFM, Supervisor, Legislative Audits

Eugene Sparks, CPA, CGFM, Managing Auditor

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| For a copy of the entire audit report , contact Legislative Services Office, Audit Division, State Capitol Building, 700 W. Jefferson Street, P.O. Box 83720, Boise, Idaho 83720-0054, or call 208-334-3540. |
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